Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 01617 01 OF 02 200645Z

11
ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 CEA-01 STR-01 AGR-05

ERDA-05 FEA-01 OES-03 /096 W
---------- 107602
P 200530Z FEB 75
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC PRIORITY 299

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 1617

E.O. 11652: GDS
TAGS: USIRJC, IR
SUBJ: PREPARATIONS FOR IARN JOINT COMMISSION MEETING--ROUNDUP

REF: (A) STATE 35833; (B) TEHRAN 1344; (C) TEHRAN 1575;
(D) TEHRAN 1608

SUMMARY: MINISTER OF ECONOMIC AFFAIRS AND FINANCE ANSARY,
CO-CHAIRMAN OF JOINT COMMISSION, HAS CONVEYED TO US
AND TO OTHER GOI PARTICIPANTS HIS AND EVIDENTLY SHAH'S DETER-
MINATION TO MAKE JOINT COMMISSION MEETING A SOURCE OF IM-
PRESSIVE AGREEMENTS AND ANNOUNCEMENTS OF US-IRANIAN ECONOMIC

COOPERATION. HE ALSO SEES MEETING AND COLLATERAL DISCUSSIONS
WITH SECRETARY KISSINGER AND HOPEFULLY PRESIDENT FORD AS
OCCASION FOR REVIEW OF DIFFERENCES ON OIL AND CONCERTING
APPROACHES TO WORLD FINANCIAL AND DEVELOPMENT PROBLEMS.

2. IN TWO-HOUR MEETING WITH ANSARY TUESDAY, COLLATERAL MEET-
INGS WITH PRIME MINISTER AND INTERIOR MINISTER AND FOLLOW-
MEETINGS WITH NATIONAL PETROCHEMICAL COMPANY, ATOMIC ENERGY
ORGANIZATION, AND AGRICULTURE MINISTRY WEDNESDAY, OUTLINES OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 01617 01 OF 02 200645Z

SPECIFIC AGREEMENTS TO BE REACHED AT JOINT COMMISSION MEETING WERE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

DEFINED. STRATEGIC OBJECTIVES OF USG AND GOI ARE ESSENTIALLY IDENTICAL: ACHIEVEMENT OF SPECIFIC, MEASURABLE INCREASE IN US EXPORTS AND INVESTMENT INCOME, ALL IN CONTEXT OF BROAD COOPERATION IN PROVISION OF U.S. TECHNOLOGY FOR IRAN'S ECONOMIC MODERNIZATION. A KEY IRANIAN OBJECTIVE, SUBJECT TO USG POLICY DECISIONS WITH GOI URGENTLY SEEKS, IS IRANIAN PARTICIPATION AS MINORITY SHARE HOLDER IN U.S. INDUSTRIES RELATED TO IRAN'S ECONOMIC AND TECHNICAL DEVELOPMENT (SEE REFTEL D).

2. PROCEDURAL ARRANGEMENTS TO ASSURE ACHIEVEMENT OF CONCRETE RESULTS WERE AGREED, INCLUDING STRUCTURE OF COMMISSION MEETING AND PREPARATORY STEPS TO ASSURE SPECIFIC AGREEMENTS. USG SHOULD DRAFT AND SUBMIT FOR GOI CONSIDERATION BY MIDDLE OF NEXT WEEK DRAFT MINUTES OUTLINING PROSPECTIVE AGREEMENTS UNDER EACH AGENDA HEADING. GOI WILL FURNISH THIS EMBASSY ITS DRAFT FOR COMPARISON. THESE WILL BE COMPARED IN MEETINGS AS BASIS FOR FOCUSING PLENARY AND COMMITTEE SESSIONS AND PRODUCING AGREED MINUTES OR PROTOCOL. JOINT PRESS STATEMENT WILL BE DRAWN FROM MINUTES.

3. GOI WISHES TO SIGN IN WASHINGTON BILATERAL AGREEMENT ON NUCLEAR ENERGY COOPERATION, BUT ETEMAD OF AEOI AS WELL AS ANSARY ASKED FOR CONCURRENT ASSURANCE THAT HEREAFTER GOI, AS SIGNATORY OF NON-PROLIFERATION TREATY AND THIS NEW AGREEMENT AND AS A COUNTRY COMMITTED TO MAJOR INVESTMENTS IN NUCLEAR ENERGY PRODUCTION, WOULD BE INCLUDED IN ALL INTERNATIONAL POLICY CONSULATIONS ON NUCLEAR ENERGY AND WOULD NOT BE DENIED NON-MILITARY NUCLEAR TECHNOLOGY WHICH IT CAN ABSORB. EMBASSY URGED GOI TO INSTRUCT ITS EMBASSY IN WASHINGTON TO INITIAL AGREEMENT SO THAT STATUTORY NOTICE PERIOD CAN BEGIN. ETEMAD PROMISED FINAL WORD ON LANGUAGE OF TEXT BEFORE DEPARTURE FOR VIENNA SATURDAY. ANSARY STATED FLATLY GOI HAS DECIDED TO SIGN, SUBJECT TO FOREGOING UNDERSTANDING--WHICH ETEMAD NOW SAYS HE WISHES TO OBTIN IN JOINT COMMISSION MEETING.

4. NUCLEAR POWER AND DESALTING PROJECTS SITUATION AS REPORTED IN SEPTELS. WHILE ANSARY ORIGINALLY STATED HE WISHED TO SIGN LETTER OF INTENT WHILE IN WASHINGTON WITH U.S. COMPANY, PARALLEL WITH USG-GOI AGREEMENT BLESSING AND GUARANTEEING THESE CONTRACTS, ETEMAD STATES HE HAS DISSUADED ANSARY FROM FIRST PART OF THIS PLAN. ETEMAD TAKES POSITION THAT POWER NEEDS WILL BE MET UNTIL 1984
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEHRAN 01617 01 OF 02 200645Z

BY FRENCH AND GERMAN PROJECTS FOR WHICH LETTERS OF INTENT ALREADY ISSUED. HE WANTS TO TAKE NECESSARY TIME TO CONSULT ERDA OAK RIDGE ON DESALTING TECHNOLOGY AND EXPLORE FURTHER ALTERNATIVE MEANS OF GETTING COMPREHENSIVE TURNKEY JOBS FROM U.S. INDUSTRY, SUCH AS PRIME CONTRACT WITH TURNKEY CONSTRUCTOR WHO WOULD SUBCONTRACT WITH US EQUIPMENT SUPPLIER. GOI IS READY TO SIGN IN WASHINGTON AGREED MINUTES AND PRESS STATEMENT DECLARING DECISION TO USE U.S. TECHNOLOGY AND COMPANIES IN GUILDING UNSTATED NUMBER

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

OF ADDITIONAL NUCLEAR POWER PLANTS COUPLED WITH LARGE WATER DE-SALINIZATION PLANTS. USG WOULD BE REQUIRED TO GIVE ASSURANCES THAT PRICES CHARGED BY U.S. EQUIPMENT SUPPLIER AT TIME OF SALE WERE SAME AS THOSE CHARGED TO U.S. BUYERS, AND THAT TECHNOLOGY TO BE EMPLOYED WAS APPROPRIATE AND PROVED. NO OTHER USG GUARANTEES REQUIRED BY GOI, ALTHOUGH WE ASSUME CONTRACTORS MAY WANT PARTIAL GUARANTEES FROM EXIM OR OPIC.

5. GOI IS READY TO SIGN IN WASHINGTON AT TIME OF JOINT COMMISSION MEETING LETTER OF INTENT TO PARTICIPATE TO THE EXTENT NECESSARY AND ACCEPTABLE TO USG TO GET URANIUM ENRICHMENT ASSOCIATES OR COMPARABLE PROJECT OFF DEAD CENTER. AEOI HAS INVITED BECHTEL REP TO CONSULT HERE SATURDAY AND THERE COULD BE SECOND MEETING WITH ANSARY AND ETEMAD IN PARIS LATE NEXT WEEK IF NECESSARY TO SPELL OUT LETTER OF INTENT. GOI IS WILLING TO INVEST AS MUCH AS 30 PER CENT IN ESTIMATED $2.75 BILLION COST OF ENRICHMENT PLANT. HE HOPES THIS WILL START BALL ROLLING ON PLEDGES FROM OTHER POTENTIAL INVESTORS. CONDITION OF GOI SIGNATURE OF LETTER OF INTENT WITH BECHTEL IS ASSURANCE THAT USG BACKS UEA PLAN AND WELCOMES IRANIAN PARTICIPATION IN FINANCING AND PRODUCT ALLOCATION. THESE USG ASSURANCES MUST BE STATED IN MINUTES AND PUBLIC STATEMENT OF JOINT COMMISSION IF PROJECT IS TO BE INCLUDED IN ANNOUNCEMENT. ETEMAD INDICATED THAT A CONDITION WITHIN LETTER OF INTENT IS LIKELY TO BE REQUIREMENT OF PARTICIPATIN BY ANOTHER US PARTNER WITH EXPERIENCE IN URANIUM ENRICHMENT PLANT OPERATIONS.

6. PETROCHEMICAL PROJECTS TO BE CITED IN MINUTES AND ANNOUNCEMENTS COVERED IN REF D. NEW SHOULD ASSURE THAT CHIEF EXECUTIVES OF ALL US INVESTORS MENTIONED IN REF D ARE INVITED TO SECRETARY'S DINNER AND CHAMBER OF COMMERCE LUNCH DISCUSSED BELOW.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TEHRAN 01617 02 OF 02 200702Z

15
ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 CEA-01 STR-01 AGR-05

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

ERDA-05 FEA-01 OES-03 /096 W
---------- 107790
P 200530Z FEB 75
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC PRIORITY 300

C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 1617

7. OTHER INDUSTRIAL INVESTMENT OPPORTUNITIES LISTED BY JOINT COMMITTEE ON ECONOMIC AND FINANCIAL AFFAIRS WHOULD BE MADE PUBLIC IN JC PRESS STATEMENT, ADVERTISED BY USG AGENCIES, AND SPECIFICALLY BROKERED WITH BEST QUALIFIED POTENTIAL INVESTORS BY SECRETARIAT OF US-IRAN BUSINESS COUNCIL, IF ESTABLISHED. WHILE NOT EXCLUSIVELY LIMITED TO US
INVESTORS, THESE STEPS AND GENERAL POLICY WOULD GIVE US INVESTORS STRONG COMPETITIVE POSITION TO CONCLUDE MAJOR JOINT VENTURES.

8. GOI WANTS US INDIVIDUAL CONSULTANTS THROUGH TC AGREEMENT TO HELP IT PREPARE INVITATIONS TO AND PREQUALIFY US FIRMS TO OFFER PROFESSIONAL ENGINEERING SERVICES ON PRIORITY PUBLIC WORKS PROJECTS AMONG THOSE GENERALLY MENTIONED IN REPORT OF JOINT COMMITTEE ON ECONOMIC AND FINANCE. AMONG THESE IS A NEW GRAIN PORT AND RELATED STORAGE AND AGRIBUSINESS COMPLEX IN A COASTAL AREA NEAR ENTRACE TO PERSIAN GULF. FOR THIS AND SIMILAR LARGE AND UNDEFINED PROJECTS, GOI MINISTRIES WOULD WELCOME SERVICES UNDER TC A OF SINGLE CONSULTANT FOR PURPOSES DESCRIBED IMMEDIATELY ABOVE. PORT AND STORAGE FACIL-ITIES AND OTHER PUBLIC WORKS EXCLUSIVE OF NUCLEAR POWER-DESALTING--TO BE UNDERTAKEN WITH U.S. ENGINEERING SERVICES AND WITH CONSTRUC-TION ON INTERNATIONAL COMPETITIVE BASIS/COULD AMOUNT TO $5 BILLION OV
ER
CONFIDENTIAL

CONFIDENTIAL

NEXT TWO-THREE YEARS.

9. AREA AGRICULTURAL DEVELOPMENT SCHEME, AS CLARIFIED BY DEPUTY AG MINISTER SEPHERI, INVOLVES PARTIALLY FORMED IDEAS FOR SEVERAL TYPES OF COMMERCIAL SCALE FARMING AND RELATED AGRIBUSINESS IN SEVERAL AREAS, PROBABLY INCLUDING JIROFT, MINAB AND BANDAR ABBAS IN SOUTH AND KHORASAN IN EAST CENTRAL IRAN. LATTER IS ARID, FORMER ARE COASTAL AREAS WITH POTENTIAL FOR IRRIGATION DEVELOPMENT USING SURFACE AND DESALINIZATION WATER PROJECTS. POATS BRINGING ADDITIONAL DETAILS OF CONCEPTS UNDER CONSIDERATION. HERE AGAIN, MINISTER WOULD WELCOME HELP OF SINGLE CONSULTANT IN DESIGNING APPROPRIATE APPROACHES PRIOR TO SEEKING FEASIBILITY STUDY CON-TRACTORS. TOTAL INVESTMENT, INCLUDING INFRASTRUCTURE, LAND DEVELOPMENT, AGRIBUSINESS FACILITIES INVESTMENT, APPEARS LIKELY TO EXCEED $1 BILLION IN FIRST SEVERAL YEARS. US PARTICIPATION SOUGHT IN DESIGN, CONSTRUCTION AND VARIOUS COMBINATIONS OF CONTRACT OPERATIONS AND INVESTMENT.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

10. FERTILIZER ASSISTANCE TO FOOD-DEFICIT LDCS DISCUSSED WITH ANSARY AND MOSTOFI, DIRECTOR OF NATIONAL PETROCHEMICAL CORP. BOTH WERE RECEPTIVE TO US IDEAS OF A REGIONAL ACTION GROUP ON FERTILIZER PRODUCTION AND AID, ASSOCIATED WITH PROPOSED GLOBAL CONSULTATIVE GROUP ON FOOD PRODUCTION AND INVESTMENT. SELECTION OF LEADER, ACCEPTABLE TO IRANIANS AND ARABS TO CATALYZE FORMATION OF GROUP, SHOULD BE DISCUSSED FURTHER IN SAUDI AND IRAN JOINT COMMISSION AND WITH IBRD, FAO AND UNDP.

11. INVESTMENT POLICY DISCUSSIONS ELICITED REAFFIRMATION OF GOI POSITION THAT IT HAS NO SURPLUS FUNDS TO WARRANT ITS CONSIDERATION OF A MUTUAL FUND SYSTEM OF DIVERSIFIED INVESTMENTS IN US SECURITIES MARKET. GOI WILL PREFER DIRECT INVESTMENTS ABROAD IN INDUSTRIES CLOSELY RELATED TO ITS DOMESTIC DEVELOPMENT PROGRAM, SUCH AS PETROCHEMICAL REFINING AND PROCESSING, INTERNATIONAL AIRLINE, IRON ORE MINING AND OTHER RAW MATERIALS NEEDED BY IRANIAN INDUSTRY. FROM WHICH IRAN WILL DERIVE SUPPLIES OR TECHNOLOGY. GOI WILL NEVER SEEK CONTROL OF A US COMPANY. PROJECTED DECLINE OF ANNUAL SURPLUS AND SHIFT TO ANNUAL NET DEFICIT IN FOREIGN EXCHANGE POSITION IN LATE 1970S WILL LIMIT IRAN'S OVERSEAS INVESTMENT AND AID CONTRIBUTIONS.

12. ANSARY WOULD WELCOME APPROPRIATE PUBLIC FORUM FOR EXPLAINING
CONFIDENTIAL

CONFIDENTIAL

IRAN'S FINANCIAL AND INVESTMENT SITUATION AND POLICIES. IF CHAMBER OF COMMERCE LUNCHEON CAN BE ARRANGED EITHER MARCH 3 OF 4 AND ATTRACT LARGE NUMBER OF SIGNIFICANT US BUSINESS EXECUTIVES, HE WOULD BE GLAD TO SPEAK THERE. IF IT IS TOO LATE TO ASSURE SUCH A TURN-OUT, HE WOULD PREFER A SMALL CHAMBER OF COMMERCE LUNCH WITH KEY BUSINESS AND FINANCE PEOPLE AND WITHOUT A SPEECH. DEPARTMENT REQUESTED TO CONSULT CHAMBER OF COMMERCE AND ADVISE.

13. ON PROPOSED AMENDMENT TO OPIC INVESTMENT GUARANTY BILATERAL, ANSARY SAID GOI WANTS A COMPLETELY NEW AGREEMENT FEATURING ELEMNTS OF RECIPROCITY. HE WOULD AGREE IN JOINT COMMISSION MINUTES TO CONCLUDE SUCH AGREEMENT WITHIN A MONTH. OPIC PRO-CEDURAL AGREEMENT, INCLUDING PROPOSED AMENDMENT ON CONSTRUCTION AND OTHER CONTRACT INSURANCE, COULD BE INCLUDED, AND GOI HAS NO IMMEDIATE INTENTION OF ESTABLISHING SIMILAR INVESTMENT INSURANCE PROGRAM OR OBTAINING SIMILAR PROCEDURAL RIGHTS IN US. RATHER, GOI WANTS AGREEMENT TO CONTAIN PREAMBLE AND INITIAL ARTICLES EXPRESSING RECIPROCAL POLICIES AND ASSURANCES ON INVESTMENT COOPERATION AND PROTECTION OF A NATURE NOT REPEAT NOT REQUIRING TREATY RATIFICATION ACTION BY US SENATE. OPIC AND DEPARTMENT REQUESTED TO BE PREPARED TO DISCUSS POSSIBLE LANGUAGE WITH GOI DELEGATION MARCH 3 OR 4.
HELMS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, PLANNING MEETINGS, COMMITTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEHRAN01617
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750060-0337
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750226/aaaaaxbi.tel
Line Count: 275
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 35833, 75 TEHRAN 1344, 75 TEHRAN 1575
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 APR 2003 by BoyleJA>; APPROVED <07 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PREPARATIONS FOR IARN JOINT COMMISSION MEETING--ROUNDUP
TAGS: EFIN, US, IR, USIRJC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006